



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing Administration

Center for Medicaid and State Operations

7500 Security Boulevard

Baltimore, MD 21244-1850

Demonstration to Maintain Independence and Employment

Sponsored By:

The Health Care Financing Administration

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Demonstration to Maintain Independence and Employment

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Executive Summary

The Health Care Financing Administration (HCFA) is soliciting proposals from States to participate in the Demonstration to Maintain Independence and Employment. This demonstration, created by Section 204 of the Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170), allows States to provide benefits equivalent to those provided by Medicaid to the categorically needy, to workers who have physical or mental impairments that, without medical assistance, will result in disability.

The Demonstration was created to further the overall goals of the legislation by providing health care benefits and services which will support individuals who wish to maintain employment and self-sufficiency. Outcomes that the demonstration is designed to measure include reliance on cash benefits, employment status, changes in health status, and quality of life.

The Administrator of the Health Care Financing Administration within the Department of Health and Human Services (DHHS) will approve a number of demonstration projects which meet the requirements specified in the grant solicitation.

The Demonstration to Maintain Independence and Employment is authorized for 6 years and \$250 million in funding has been appropriated for the program. There are no minimum or maximum grant awards per State or per project. However, HCFA reserves the right to negotiate the size of any demonstration project proposed by a State. Demonstration to Maintain Independence and Employment service costs will be paid to the States with approved demonstration projects quarterly in an amount equal to the federal medical assistance percentage (FMAP) of expenditures in the quarter for medical assistance provided to workers with potentially severe disabilities under the demonstration project.

Administrative costs will likewise be reimbursed from demonstration funding and will be paid to the States at the normal administrative cost matching rates of 50%, 75% or 90%, depending on the type of administrative expense, using the same definitions as those found in section 1903 of the Social Security Act. Research and evaluation expenses required by the Federal government will be paid quarterly with 100% Federal funding.

All States are eligible to participate in the Demonstration to Maintain Independence and Employment. For purposes of this program, “State” is defined as any entity qualified to submit a Medicaid State Plan under Title XIX of the Social Security Act.

Demonstration proposals must be submitted by the Single State Medicaid Agency and funds will be distributed only to the Single State Medicaid Agency. States are limited to one overall Demonstration to Maintain Independence and Employment proposal, but within the proposal the State may choose to cover up to three potentially severe physical or mental impairments. If a State chooses to cover a physical or mental impairment with a very low prevalence rate, the State may choose to work with other States to assure a larger study population. In this instance, each State should describe its portion of the project and indicate the broader partnership in the narrative section of the State’s application.

HCFA anticipates announcing awards in October, 2000.

Timetable

Date of Issue.....	June 7, 2000
Notice of Intent to Apply Due Date.....	June 30, 2000
Applicants Conference.....	June 20-21, 2000
Proposal Due Date.....	August 7, 2000
Award Announcements.....	October 2000
Demonstration Period.....	October 1, 2000 –September 30, 2006

Demonstration to Maintain Independence and Employment

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I. Purpose

The Health Care Financing Administration (HCFA) is soliciting proposals from States to participate in the Demonstration to Maintain Independence and Employment. This demonstration, created by Section 204 of the Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170), allows States to provide benefits equivalent to those provided by Medicaid to the categorically needy to workers who have physical or mental impairments that, without medical assistance, will result in disability. The Demonstration was created to further the overall goals of the legislation by providing health care benefits and services which will support individuals who wish to maintain employment and self-sufficiency. Outcomes that the demonstration is designed to measure include reliance on cash benefits, employment status, changes in health status, and quality of life.

The Administrator of the Health Care Financing Administration within the Department of Health and Human Services (DHHS) will approve a number of demonstration projects which meet the requirements specified below. HCFA is the designated DHHS agency with administrative responsibility for the demonstration program. The Demonstration to Maintain Independence and Employment is authorized for 6 years and \$250 million in funding has been appropriated for the program. There are no minimum or maximum grant awards per State or per project, however, HCFA reserves the right to negotiate the size of any demonstration project proposed by a State. Demonstration to Maintain Independence and Employment service costs will be paid to the States with approved demonstration projects quarterly in an amount equal to the federal medical assistance percentage (FMAP) of expenditures in the quarter for medical assistance provided to workers with potentially severe disabilities. Administrative costs for the demonstration will be reimbursed from demonstration funding and will be paid to the States at the administrative cost matching rates of 50%, 75% or 90%, depending on the type of administrative expense, using the same definitions as those found in section 1903 of the Social Security Act. Research and evaluation expenses required by the Federal government will be reimbursed quarterly with 100% Federal funding.

II. Background and Goals

The Ticket to Work and Work Incentives Improvement Act of 1999 was signed by President Clinton on December 17, 1999. This piece of legislation seeks to address many of the obstacles that people with disabilities face as they seek sustained employment. There is a large health care component of the legislation because people with disabilities have continually identified the loss of health care coverage as one of the major obstacles they face as they return to work. The Demonstration to Maintain Independence and Employment was included in the legislation to address the needs of those people who have specific physical or mental impairments that have the potential to lead to disability. This demonstration authority will allow States to assist working individuals by providing the necessary benefits and services required for people to manage the progression of their conditions and remain employed. The demonstration projects will be used to evaluate the impact of the provision of Medicaid benefits as related to extended productivity and increased quality of life.

In addition to the Demonstration to Maintain Independence and Employment, the legislation provides States the options of submitting to HCFA Medicaid State Plan amendments to offer Medicaid buy-ins to two optional eligibility groups. This demonstration is different and separately funded from the Medicaid buy-in opportunities. The buy-ins represent statewide entitlements to people that are capable of meeting the Supplemental Security Income (SSI) disability test. The first is for individuals from age 16 through 64 who would meet the eligibility for SSI but for higher earnings. The second optional group is for people who, at one time, were included as part of the first optional group but who are determined to have medically improved at a regularly scheduled continuing disability review (CDR). This demonstration is different from these buy-in opportunities in that it does not have to be statewide, it can be targeted, and it is aimed at people who are not yet able to meet the SSI disability test.

Additionally, the legislation creates a Medicaid Infrastructure Grants program to support the competitive employment of people with disabilities by removing health care barriers to employment. It takes work and effort to prepare a demonstration like this and the Medicaid Infrastructure Grants provide funding that may be used to support the development of a demonstration project. Information on the Medicaid Infrastructure Grants solicitation is available in the May 31, 2000 issue of the *Federal Register* and on the HCFA website at www.hcfa.gov/medicaid/twwiia/twiiahp.htm.

III. The Demonstration Projects

The Demonstration to Maintain Independence and Employment seeks to improve the availability of

health care benefits and services to workers in participating States with potentially severe physical or mental impairments likely to lead to disability without access to Medicaid services. The legislation requires that States choosing to participate in the demonstration program:

- C provide assurances that Federal funds will be used to supplement, not supplant, State funds spent on workers with potentially severe disabilities at the time the demonstration project is approved; and
- C provide an independent evaluation of the project; and
- C submit an annual report on the use of funds provided under the demonstration project.

A. Eligibility for the Demonstration

All States are eligible to participate in the Demonstration to Maintain Independence and Employment. For purposes of this program, “State” is defined as any entity qualified to submit a Medicaid State Plan under Title XIX of the Social Security Act.

Demonstration proposals must be submitted by the Single State Medicaid Agency and funds will be distributed only to the Single State Medicaid Agency. States are limited to one overall Demonstration to Maintain Independence and Employment proposal, but within the proposal the State may choose to cover up to three potentially severe physical or mental impairments. States may not be awarded funding for all three impairments based on budgetary concerns as well as the need to assure a distribution of covered impairments. If a State chooses to cover a physical or mental impairment with a very low prevalence rate, the State may choose to work with other States to assure a larger study population. In this instance, each State should describe its portion of the project and indicate the broader partnership in the narrative section of the State’s application devoted to the physical or mental impairment for which the partnership was formed. This partnership component should be included with the other efforts the State is designing individually as part of the one allowable proposal per State.

As discussed in the proposal format section (Appendix Two) the State must submit a project narrative and program budget for each specific physical or mental impairment the State chooses to cover. Within the project narrative the State must provide the maximum number of individuals with that impairment to whom it anticipates extending Medicaid coverage. The impairments chosen must both likely lead to disability as defined under section 1614(a) of the Social Security Act and respond to early intervention in the form of items and services provided by section 1905(a) of the Act.

Examples of specific progressive, unstable or intermittent, physical or mental impairments, affecting the working age population, where there is a preponderance of research suggesting that the conditions are susceptible to medical care are provided in Appendix One. If the specific physical or mental impairments that a State selects are not on that list, the State must include evidence of the likelihood that the impairment will lead to disability and the efficacy of early intervention and treatment that will be provided as Medicaid services. States will not be penalized for proposing impairments that are not listed in Appendix One which is not intended to represent an exhaustive list.

States may set additional eligibility criteria and program requirements. If a State sets an income limit for demonstration participants the State must accept individuals with income at any level up to that threshold. The State may not propose a slice of the population using income as the criteria. For example, it is not permissible for a State to accept participants from 150% to 300% of the Federal poverty level. It is permissible for a State to accept those with incomes up to 300% of the Federal poverty level. If a State develops a premium structure or cost-sharing requirements for participants, we recommend (but do not require) that the premium structure and cost-sharing requirements match those established for eligible individuals under sections 1902(a)(10)(A)(ii)(XIII) or (XV) of the Social Security Act. If the State chooses to establish different premiums or cost-sharing (or if a State does not cover individuals under sections 1902(a)(10)(A)(ii)(XIII) or (XV)) the premiums must be set on a sliding scale based on income and the State must provide the rationale for any inconsistency between the demonstration requirements and the buy-in requirements.

States may require that participants access available employer-sponsored health care coverage. If States charge premiums, States are permitted to build incentives into their premium structures that would encourage individuals to seek out private coverage. For example, States may offer a 25% discount to enrollees who have private coverage which States require enrollees to access prior to wrap-around coverage provided by the demonstration.

B. Demonstration Project Participants

People who are eligible to receive services through the Demonstration to Maintain Independence and Employment are “workers with potentially severe disabilities”. This is defined as people who:

- C are at least 16 but less than 65 years of age;
- C have a specific physical or mental impairment as defined by the State (including meeting any additional medical criteria the State may establish); and
- C are employed.

An individual is considered to be employed if he/she is earning at least the applicable minimum wage requirement under section 6 of the Fair Labor Standards Act (29 U.S.C. 206) and is working at least 40 hours per month. States may propose alternate, equivalent definitions of employment for approval by the Administrator of HCFA. This is especially encouraged to accommodate participants engaged in non-traditional employment such as those who may work on commission and those performing work that generates pay on production. Additionally, alternative definitions of work may best apply to the self-employed. These definitions will be measured for their equivalency to the definition presented above. It is not the intention of this demonstration to include those who are employed in settings based on an already existing disability such as a sheltered workshop.

As provided in section 204(a) of the Ticket to Work and Work Incentives Improvement Act, this demonstration is designed to serve up to a specified maximum number of individuals who are workers with a potentially severe disability. Recognizing that participation is not unlimited and the demonstration does not confer an entitlement to benefits, proposals should identify the number of individuals who will be enrolled in the demonstration and the procedures States will follow to identify and enroll these individuals in the project.

By creating the Demonstration to Maintain Independence and Employment, Congress intended to extend Medicaid equivalent coverage to people who would not currently meet the SSI disability test. This demonstration was not intended to overlap with the Medicaid buy-in programs created by the same legislation that give States the option of extending Medicaid coverage to people with currently established disabilities meeting the SSI disability test, who work and have earnings above the SSI thresholds.

Additionally, participants in the demonstration projects must be diagnosed with the specific physical or mental impairment chosen for coverage. The impairments for which this demonstration was intended are those where a progressive deterioration of function absent medical treatment is typical. Participants need not be symptomatic to meet Federal requirements for the demonstration, however, they may not qualify for the demonstration by having a genetic predisposition to developing the impairment unless the physical or mental impairment is manifest. States may choose to impose other medical severity criteria within these Federal parameters.

It is permissible for candidates for the demonstration study population to receive services provided through other publicly funded programs. However, for the candidate to be eligible as a participant he/she must receive added benefit from the provision of Medicaid-equivalent services. For example, if a candidate for a State's HIV project is receiving drug therapy through the Ryan White Program,

and the drug therapy is identified as the sole or primary benefit that will help prolong productivity, there is no added value to Medicaid and the candidate should not be accepted.

C. Services

States must provide medical assistance equivalent to that offered under 1905(a) of the Social Security Act to individuals described in 1902(a)(10)(A)(ii)(XIII) of the Act. If a State does not cover individuals under 1902(a)(10)(A)(ii)(XIII), a State must propose services that are an appropriate equivalent to the services that would be offered under 1905(a) to individuals who would qualify for Supplemental Security Income (SSI). For purposes of this demonstration, equivalent services are those that are equal to or greater in amount, duration, and scope than those offered under the State Plan for individuals qualifying for SSI.

D. Reporting and Evaluation

There are several reporting requirements that States participating in the demonstration must agree to meet to ensure valid measurement of the success of the demonstration in prolonging participants' ability to sustain employment and positive health outcomes. Variables relevant to these outcomes include income, insurance status, comorbidity and social supports. Reporting requirements will be established to collect data measuring these variables.

In the authorizing legislation Congress mandated that participating States provide enrollment and financial statistics on the total population of workers served by the demonstration project, broken down into the numbers served with each physical or mental impairment (if more than one) covered by the State. To fulfill this requirement, States must report annually on the number of participants with each physical or mental impairment and the aggregate cost of serving each group (HCFA will supply the report format).

As stated previously, all States must agree to provide an independent evaluation of their demonstration project. Annual progress reports are required and the final evaluation report is due to HCFA's Disabled and Elderly Health Programs Group six months after termination of Federal funding for the State's demonstration project. It is expected that the State will construct an evaluation using methodology that will demonstrate the effectiveness of its demonstration project. For projects with more than 100 participants, State evaluations should show associations between Medicaid eligibility and the ability to retain employment, and measure the experiences of participants over non-

participants. Establishing a comparison group(s) will fully satisfy this requirement. While we have established a 100% reimbursement rate for those evaluation expenses required by HCFA including the State evaluations, we reserve the right to negotiate the extent of the State evaluations. We intend to work with States to ensure that State sponsored evaluations are as rigorous and comparable as possible. After reviewing State applications, HCFA may develop alternate plans for evaluating grant programs if it is apparent that comparable data cannot be generated. States, therefore, may be asked to alter their proposed evaluation methodology to conform with a national strategy.

For many of the projects that include a study population large enough to measure statistical significance, HCFA will sponsor a separate, coordinated, evaluation. Participating States must agree to cooperate with the Federal evaluators and comply with additional semi-annual reporting requirements. These reporting requirements will include participant level data on income, employment patterns, private insurance coverage, Medicare coverage, Medicaid service usage, Medicaid service expenses, receipt of SSI/SSDI, comorbidity, quality of life, and social supports. In addition, demonstration States must agree to assist HCFA's evaluation contractor in obtaining information needed to track the progression of qualifying impairments over time. This may include abstraction of medical records. Information may be sought on the health and functional status of qualifying non-participants, as well as demonstration participants. These reporting requirements will be included in the terms and conditions of the demonstration.

E. Traditional Medicaid Demonstration Requirements

Budget Neutrality

It is not necessary to pass a budget-neutrality test to participate in this demonstration.

Congress has specifically appropriated additional funds to cover individuals with potentially severe physical or mental impairments who are not otherwise eligible for Medicaid.

Waivers

The Demonstration to Maintain Independence and Employment provides Medicaid-equivalent services to non-Medicaid eligible individuals. It is not authorized under Title XIX of the Social Security Act, and as such it is not bound by the Medicaid requirements for statewideness 1902(a)(1) and comparability 1902(a)(10)(B). There is no need for a State to submit waivers to these traditional Medicaid requirements. The demonstration may be operated on a less than statewide basis and the service package is defined in statute as equal to what the State provides to Medicaid-eligible individuals under 1902(a)(10)(A)(ii)(XIII). If a State does not cover individuals under 1902(a)(10)(A)(ii)(XIII), a State must propose services that are an appropriate equivalent to the

services that would be offered under 1905(a) to individuals who would qualify for Supplemental Security Income (SSI). For purposes of this demonstration, equivalent services are those that are equal to or greater in amount, duration, and scope than those offered under the State Plan for individuals qualifying for SSI. As part of the demonstration proposal, the State must define the geographic participation in the demonstration and list the services that will be offered under the demonstration.

F. Funding

The Demonstration to Maintain Independence and Employment has been funded by Congress for 6 years, from Federal fiscal years 2001 through 2006. Funding may be carried over by HCFA (as available) through fiscal year 2009, after which no new payments may be obligated to the States. Funding will be distributed to the demonstration States as quarterly payments equal to the Federal medical assistance percentage of the expenditures of the States on medical assistance provided to workers with potentially severe disabilities at the normal service match rate. Likewise, administrative expenses will be matched at the normal Medicaid administration matching rate(s). Administrative expenses include routine administration and monitoring activities directly related to the provision of services and benefits. Research and evaluation expenses necessary to meet Federal evaluation requirements will be 100% federally funded. Other desirable research will be funded at normal administrative matching rates, if approved. The total demonstration grant award to the State will include the federal share of service costs, administration, and research and evaluation. Separate funding is available through the Infrastructure Grants program established by the same legislation (see Section II of this notice for information on where to find the Medicaid Infrastructure Grant Solicitation) for demonstration design, start-up and outreach costs.

The number of projects selected for funding will be determined by the number, scope, and uniqueness of the proposals submitted as well as the availability of funding. The Federal share of benefits paid and expenses incurred for all demonstration projects is limited to \$42 million for each of fiscal years 2001 through 2004 and \$41 million for years 2005 and 2006. HCFA will place a limit on each project's budget to assure that the total funding is not exceeded. Due to the caps on funding, as well as the need for a study population of adequate size, it is likely that funding will be competitive and priority will be given to a limited number of larger projects (with appropriate consideration given to the size of the State) that have the greatest research potential. Based on the applications received, HCFA will try to assure diversity among physical and mental impairments which States propose to cover. As stated previously, these impairments must likely lead to disability and respond to services offered through Medicaid.

Applicants must assure that funding will be available for State match for the costs of services and administration needed to serve demonstration participants. Applicants must specify what, if any, special appropriation or legislative action would be necessary to implement this demonstration. HCFA understands that in most cases States will not be able to secure the funding required prior to the demonstration application due date. In many cases this may not be achievable until the next legislative session. As long as a State submits clear plans for securing funding and for efficient implementation of the demonstration, it will not be disadvantaged for purposes of receiving an award.

If HCFA judges that it has received more applications that merit funding than funding permits, alternates will be selected. These alternates will be eligible to receive funding if demonstration award winners fail to develop their proposals.

IV. General Provisions

Duration of Proposed Demonstration Program

While there are no restrictions precluding States from proposing demonstrations that operate for less than the total length of the demonstration, scoring preference will be given to States that propose to participate for the duration of the demonstration. Funding for the demonstration is available from Fiscal Year 2001 through Fiscal Year 2006. If any Federal funding remains available after 2006, payments may be made to the States until funding is depleted or through fiscal year 2009.

States that submit proposals that are approved for participation in the demonstration must meet the key requirements of the timeline that is submitted by the State. If a State fails to keep up with its timeline and benchmarks agreed to in the approved proposal, HCFA reserves the right to terminate the State's participation in the demonstration.

Consistent with other HCFA grant programs, continuation of awards is subject to the availability of funds, satisfactory progress by the grantee, and a determination that continued funding is in the best interest of the Government.

Use of MSIS

States that use the Medicaid Statistical Information System to capture enrollment data and for tracking service utilization will be given scoring preference. The Federal share of State costs for the use of MSIS will be reimbursed from demonstration funds as an administrative expense.

Maintenance of Effort

Federal funds paid to the States under this demonstration must be used to supplement, but not supplant, State funds expended for workers with potentially severe disabilities at the time the demonstration project is approved. As indicated in Appendix Two, States receiving awards must provide annual assurances that the level of State spending on workers with potentially severe disabilities is being maintained throughout the life of the demonstration.

Civil Rights

All grantees receiving awards under this grant program must meet the requirements of Title VI of the Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973; the Age Discrimination Act of 1975; Hill-Burton Community Service nondiscrimination provisions; and Title II, Subtitle A, of the Americans with Disabilities Act of 1990.

Intergovernmental Review of Federal Programs

Executive Order 12372 or “Intergovernmental Review of Federal Programs” (45 CFR Part 100) is not applicable to this demonstration program.

V. Applying for The Demonstration

Proposal Format

Appendix Two contains the format guidelines for submitting a proposal.

Applicants Conference

HCFA will conduct an open Applicants Conference for all States interested in the Demonstration to Maintain Independence and Employment. Participation in the Conference is not required but is recommended as a forum for States to ask questions and obtain additional information. The conference will be held in Baltimore, MD on June 20-21, 2000. Please check the website for further information (www.hcfa.gov/medicaid/twwiia/twiiahp.htm).

Deadline for Submission

The closing date for proposals submitted under this solicitation is Monday, August 7, 2000. A proposal will be considered on time if it is postmarked or received at HCFA's grant's office on or before this date. Proposals must be mailed through the U.S. Postal Service or a commercial delivery service. Submissions by facsimile (fax) transmission will not be accepted. A proposal postmarked after the closing date will be considered late. Late proposals will not be considered under this solicitation and will be returned without review.

An original proposal should be sent with seven copies to:

Attn: Judith Norris
Health Care Financing Administration
OICS, AGG, Grants Management Staff
Mailstop C2-21-15
7500 Security Boulevard
Baltimore, MD 21244-1850
Phone: (410) 786-5130

e-mail: jnorris1@hcfa.gov

Please note: While State Medicaid agencies are only required to submit an original and two copies, submission of an original and seven copies will greatly expedite the application process.

Additional Information

For additional information regarding this demonstration program, please contact:

Joe Razes, Project Manager
Demonstration to Maintain Independence and Employment
Disabled and Elderly Health Programs Group
Center for Medicaid and State Operations
7500 Security Boulevard
Baltimore, MD 21244-1850
(410) 786-6126

e-mail: jrazes@hcfa.gov

Information is also available on HCFA's dedicated Ticket to Work and Work Incentives Improvement Act website at the following address:

www.hcfa.gov/medicaid/twwiia/twiihlp.htm

VI. Review Criteria and Process

A. Review Criteria

Program Design 60%

To what extent is there a coherent strategy to achieve each of the outcomes identified by the State including, but not limited to, fewer people relying on cash benefits, higher rates of sustained employment, superior health outcomes and improved quality of life? To what extent does the program design support the measurement of these outcomes?

What administrative steps must be taken by the State to implement a demonstration project? To what extent has the State submitted evidence that these administrative actions are achievable? To what extent is the commitment of the State to the success of this demonstration evident? Has the State included a reasonable timetable for start-up and implementation? Is there a complete budget for both services and administration? Have the appropriate staff resources to run the demonstration been identified by the State?

How prepared is the State to identify a study population, conduct outreach and enroll individuals? How well defined is the study population? Will efforts be made to enroll a study population that mimics the demographic distribution of people affected by the physical or mental impairment as it is experienced by the State? To what extent has the State proposed good methodology to connect people with coverage and services? Are partnerships with disease-specific advocacy organizations (if any) in place? Does the State have the ability to collect group health coverage information? What evidence of employment is being used by the State? What systemic checks have been established or identified that will prevent the enrollment of study participants who will meet the Supplemental

Security Income definition of disabled?

Has the State identified the particular Medicaid equivalent benefits and services that will be advantageous if provided to demonstration participants? Is the efficacy of these benefits and services for their ability to prolong the expected deterioration of function in demonstration participants accepted in the medical community? What evidence is provided to attest to that? Has there been significant input into this identification process by relevant professional and consumer groups in the State?

Program Evaluation and Data 40%

To what extent has the State proposed a methodology for evaluation of its demonstration project that adequately measures its effectiveness? If the project has more than 100 participants, does the methodology measure the experiences of participants over non-participants? Does the methodology establish correlations between the provision of Medicaid services and employment? Does the methodology account for relevant variables including income, insurance status, health status, comorbidity, social supports, and participation in other public health care and cash assistance programs?

To what extent is there sufficient evidence that at the end of the project, there will be adequate measures of the demonstration outcomes (reliance on cash benefits, employment outcomes, prevention or prolongation of degeneration due to medical condition, and beneficiary satisfaction/quality of life)?

To what extent is the State prepared to meet all the reporting requirements imposed by Congress, HCFA and as necessary for the State evaluation?

B. Review Process

An independent review of all applications will be conducted by panels including members of the disability community, experts in the clinical conditions that are selected by the States, and staff from Federal agencies including HCFA. The review panel will assess each application to determine the merits of the proposal and the extent to which it furthers the purposes of the demonstration program. The panel will evaluate each application for further review by HCFA. HCFA reserves the right to request that States revise or otherwise modify certain sections of their proposals based on the recommendations of the panel and the budget. Final approval of demonstration projects will be made

by the Administrator of HCFA after consideration of the comments and recommendations of the review panelists, program office recommendations, and the availability of funds.

It is anticipated that awards will be made in October 2000. States will receive written notification of the final award decisions.

Appendix One

Examples of Potentially Severe Physical or Mental Impairments

Chronic Diseases

Diabetes

Neurological Diseases

Stroke
Brain injury
Multiple Sclerosis
Parkinson's
Epilepsy

Mental Illnesses

Depression
Bipolar Disorder (both I & II)
Schizophrenia and other Psychotic Disorders
Anxiety Disorders
Anorexia Nervosa

Communicable Diseases

HIV/AIDS
Hepatitis C

Respiratory Diseases

Chronic Obstructive Pulmonary Disease
Asthma
Congestive Heart Failure

Musculo-skeletal Diseases

Rheumatoid Arthritis

Cancers

Appendix Two

Application Guidelines

The following guidelines are intended to assist States in preparing applications for funding under the Demonstration to Maintain Independence and Employment. Applications must be submitted in hard copy format although electronic versions of proposals that receive funding may be requested later.

- C The narrative portion of the proposal should not exceed 35 double-spaced typewritten pages for all physical or mental impairments chosen by the State. Please use 1-inch margins and 12 point fonts. This page limit does not include the cover letter, project abstract, budget, maintenance of effort assurance, standard forms, or letters of support.
- C Additional documentation may be appended; however, material should be limited to information relevant to the specific scope and purpose of the demonstration project. Please do not include critical details in an Appendix as appendices will not be scored.

Proposal Format

A complete proposal consists of one or more narrative application(s) plus the required material noted below. Application materials should be organized as follows:

1. State Medicaid Agency's Cover Letter

A letter from the Director of the State Medicaid Agency is required identifying the principle contact person, the physical or mental impairments for which the State has chosen to provide Medicaid coverage, the maximum number of individuals with each impairment that will be enrolled, the duration of the project and the total anticipated budget.

2. Project Abstract

A project abstract limited to one page should follow the State Medicaid Agency's Cover Letter. The abstract should serve as a succinct description of the proposed project and should include:

- C The specific physical or mental impairments that the State chooses to cover (limited to a maximum of 3) and the maximum number of enrollees under each;
- C Annual service and administration costs; and
- C The overall goals of the project(s). i.e. What is the State measuring?

(productivity/employment, health status, length of time before receipt of cash benefits)

3. Narrative Application

The narrative application should provide a concise and complete description of each proposed project under a State's application. States should prepare a separate narrative section for each physical or mental impairment selected. The complete narrative application should be limited to 35 typewritten double-spaced pages. The narrative sections for each physical or mental impairment should be clearly separated so that they may be evaluated individually. If necessary, appendices may be attached to each narrative section but please do not rely on appendices to describe key details. The narrative sections should contain the information necessary for reviewers to fully understand the proposed project and should be organized as follows:

- A. **Target Group:** Discuss the physical or mental impairment likely to lead to disability for which the State has chosen to provide Medicaid coverage under the Demonstration to Maintain Independence and Employment.
 - C What is the impairment and how many people with the impairment will be offered coverage? If the number is less than 100 people, provide the rationale for this.
 - C If the impairment is not listed in Appendix One, provide evidence that the impairment is likely to lead to a potentially severe disability. Examples of evidence include decreased life expectancy, appearance on the Social Security Administration (SSA) listings used as part of the disability determination process (described in 20 CFR 404.1525 Appendix 1, printed in SSA pub. no. 64-039), or the likelihood of disabling comorbidity factors.
 - C Discuss the prevalence and demographics of the physical or mental impairment as it affects individuals in your State.
 - C List all selection criteria that will be used to define the demonstration population including any income and/or clinical criteria. (e.g. all participants will be drawn from the State's population of patients with congestive heart failure who are diagnosed as Class 3 or 4 according to the New York State Heart Association guidelines.)
 - C Discuss the premium structure (if any) the State has chosen to impose.
- B. **Site Selection:** Discuss the area of the State chosen as the demonstration area using incidence and prevalence data if available, or any other rationale for site selection.
- C. **Services and Approach:** Discuss the Medicaid services which the State will provide to help individuals control their disease progression and/or maintain functionality. Discuss the approach the State will use to provide these services.

- C What Medicaid services will be provided that will help a participant maintain productivity? How is the State going to approach providing these services?
 - C Provide evidence of the clinical efficacy of these benefits or services for the impairment being examined. Evidence may come from such sources as peer-reviewed literature, clinical trials, professional best-practices, or medical standards.
 - C Indicate whether the Medicaid benefits and services will be delivered through a fee-for-service or managed care delivery system.
 - C Discuss the intake and enrollment plan as well as the methods the State will use to connect individuals with services.
- D. **Results:** Discuss the likely impact of the impairment on employment, health status, reliance on income supports, or other outcomes. Please include the following:
- C A discussion of the normal progression of the impairment including effect on health status and productivity.
 - C A discussion of the healthcare and employment support services a person with the impairment will likely need to maintain employment.
 - C A discussion of the availability of such services needed to maintain employment.
 - C An overall assessment of the strengths and weaknesses of your State's capacity to support people with this impairment as they try to maintain employment.
 - C List the employment criteria that will be used by the State to determine eligibility, highlighting differences that require approval as discussed in Section III(B) of this solicitation.
 - C A discussion of the likelihood that individuals with this impairment will rely on income supports (SSI/SSDI) in the future.
- E. **State Capacity:** Provide a description of the Medicaid Agency's capacity and commitment to this demonstration. Please include as much detail about the following components as possible:
- C **Monitoring Plan**
Describe plans for monitoring the success of the program over time, including methods of tracking demonstration participants and measuring their employment status, disease progression and quality of life. Include information on whether you will use the MSIS system for any data collection.
 - C **Research/Program Development**
Describe the State's demonstration evaluation proposal. Include information on required data elements and the evaluation design. Describe how the evaluation will measure the effectiveness of providing Medicaid equivalent benefits on productivity, reliance on cash benefits, health

status and quality of life. Describe how the evaluation will measure cost-effectiveness. Additionally, give information identifying who will do the required independent evaluation if known. Describe any ongoing related research or program development efforts in this area.

C Timetable and Staffing

Give information on the proposed demonstration implementation cycle. A timetable for accomplishing the major tasks to be undertaken must include key dates relevant to the proposed project (e.g. State budget cycles and legislative sessions). It is expected that the timetable provided will be detailed and will represent an efficient implementation of the demonstration project.

Describe the project organization and staffing including the proposed management structure and how key project staff will relate to the proposed project director, and any interagency or community working groups. Brief biographical sketches of the project director and key project personnel indicating their qualifications, and prior experience for the project are required as part of the standard forms in Appendix Three. Resumes for the key project personnel should be provided as an attachment.

C Support

Summarize the support for the proposal which has been received from such places as other State agencies, the State legislature, the Governor's Office, advocacy organizations and/or the business community. As an attachment, provide a set of endorsements of the support and commitments that have been pledged for the proposed project (e.g. cooperation from advocacy organizations, the disability community, the executive branch, the legislative branch, other State agencies, employers, business groups, etc.) Individual letters of support should be included as attachments.

4. Budget

For each physical or mental impairment you select, in addition to Form 424A (See Appendix Three) include a detailed annual budget divided into service, administration, and evaluation. In the service costs section, provide cost estimates for the maximum number of participants in the demonstration project and their projected annual service costs. If the State has chosen to require premiums, indicate the expected premium collections. Additionally, provide an administrative budget which includes routine administration and monitoring activities directly related to the provision of services and benefits. Finally, provide an estimate of the cost of the proposed evaluation activities separating those that are required by the Federal government from additional evaluation activities the State is proposing. Please indicate the Federal and State share of each budget category and provide evidence of the commitment of the State to support the State share. Indicate any additional actions that are required to secure State funding (appropriation by the legislature, etc.)

5. Maintenance of Effort Assurance

States must provide an assurance that State funds used on the Demonstration to Maintain Independence and Employment are being used to supplement rather than supplant State funds used for people with potentially disabling physical or mental impairments as of October 1, 2000. Please provide a letter summarizing any funding for such individuals as of that date. The letter should testify that these funds will not be used for the Demonstration to Maintain Independence and Employment and that this level of State spending will be maintained for unrelated programs over the lifetime of the demonstration. States receiving awards will be required to submit an annual report of the amount of State spending on unrelated programs for people with potentially disabling physical or mental impairments, assuring that this funding is not being supplanted by the demonstration.

6. Grant Application Kit Standard Forms

Appendix Three contains the standard forms which must be completed and enclosed as part of the application. Copies of these forms are available through HCFA's Grants Office or on the web. The URL address is: <http://www.hcfa.gov/medicaid/twwiia/twiihnp.htm>

Appendix Three

Grant Application Kit (standard forms)

Please complete the attached forms:

SF-424: Application for Federal Assistance

SF-424A: Budget Information

SF-424B: Assurances-Non-Construction Programs

SF-LLL: Disclosure of Lobbying Activities

Biographical Sketch

Additional Assurances

(To access these forms, return to the Demonstration to Maintain Independence and Employment Main Page and click on "Grant Application Kit" (standard forms).)

Appendix Four

NOTICE OF INTENT TO APPLY

Please return this form by June 30, 2000 to:

Demonstration to Maintain Independence and Employment

Mailstop S2-12-24

Disabled and Elderly Health Programs Group

Center for Medicaid and State Operations

7500 Security Boulevard

Baltimore, MD 21244-1850

State Name: _____

Physical or mental impairment(s) likely covered by the State and expected number of participants in each:

<u>Impairment</u>	<u>Number of Participants</u>
_____	_____
_____	_____
_____	_____

Contact Name and Title: _____

Address: _____

Phone: _____

Fax: _____

E-Mail:_____

Please attach any questions that you would like to have answered before you complete your application.

In early-July HCFA will send responses to questions attached to this notice and posed at the Applicants' conference to States that submit this Notice of Intent to Apply by June 30. This Notice of Intent to Apply is not binding and will not cause an application to be reviewed more favorably.